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Message Text

SECRET

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ACTION SS-25

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---------- 101624
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FM AMEMBASSY SAIGON
TO SECSTATE WASHDC 009

S E C R E T SAIGON 13858

EXDIS

E.O. 11652: GDS
TAGS: PBOR, VS
SUBJECT: AIR AMERICA DIVESTITURE

REFS: A) SAIGON 13582; B) STATE 241315

1. PARA 4, REF B, ASKS FOE COMMENTS ON SUBSTANCE OF PRECEDING PARAGRAPHS.

2. THE RECOMMENDED SOLUTION OF 2 C 2 (REF B) IS SIMPLY WHAT AID HAS DESIRED TO DO ALL ALONG. IT IS TOTALLY UNSATISFACTORY. IT MIGHT BE POSSIBLE FOR THW SICCESSFUL BIDDER TO ATTEMPT TO BRIBE SOME MINOR OFFICIALS FOR A PIECE OF PAPER WHICH WOULD BE "SATISFACTORY TO THE CONTRACT OFFICER BEFORE AWARD" WHO WOULD THEN FACE THE SENIOR LEVELS OF THE GVN WITH A "FAIT ACCOMPLI". THE ONLY OTHER WAY IS TO HAVE THIS MISSION PUT GREAT PRESSURE ON THE GVN TO AGREE TO CONTINUE TO ACCEPT AN "EXTRATERRITORIAL ARRANGEMENT". WE ARE NOT PREPARED TO DO THIS. SUCH AN ARRANGEMENT WAS TOLERABLE IN CASE OF AIR AMERICA, REGARDED AS U.S. INSTRUMENT, AND WE MAY BE ABLE TO SLIDE THROUGH ONE EXTENSION WITH CASI BECAUSE GVN BELIEVES CASI HAS FAITH IN THE FUTURE OF THE GVN AND CURRENTLY ALREADY HAS WORKING ARRANGEMENT WITH AIR VIET-NAM.

3. IF YOU DO NOT WISH TO DEPEND ON AIR VIET-NAM, THE BEST COURSE IN THE U.S. INTEREST IS TO PRECEED IMMEDIATELY TO NEGOTIATE A SOLE-SOURCE WITH CASI FOR FY 1976, I ASSUME NOVATING THE PRESENT AIR AMERICA CONTRACT FOT THE BALANCE OF THE FISCAL YEAR OR HAVING THE NEW CONTRACT FOR EIGHTEEN MONTHS. I DID NOT KNOW THE LATTER
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WAS AN AVAILABLE OPTION. IF USED, WE CAN SLIDE BY THE REOPENING

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OF THE QUESTION OF AIR VIET-NAM NEXT JULY (PARA 4, REF A). IT
WOULD OBVIOUSLY BE THE LEAST EXPENSIVE COURSE.

4. AID MAY NOT CONSIDER APPLICABLE TO CASI "A DETERMINATION THAT
THE CONTRACTOR HAS EXCLUSIVE OR PREDOMINANT CAPABILITY IN THE FIELD".
THE COLD HARD, PRAGMATIC FACT IS THAT CASI IS THE ONLY AMERICAN
FIRM WHICH CAN OPERATE HERE. IF THAT DOESN'T COME UNDER THE
RUBRIC "EXCLUSIVE" THAT I NEED A NEW DICTIONARY. THE SECRETARY'S
WRITTEN FINDING ON IMPAIRMENT OF FOREIGN POLICY OR FOREIGN ASSISTANCE
OBJECTIVES HAS, IT WOULD SEEM TO ME, TO HAVE ALREADY BEEN MADE
IN THE DEPUTY SECRETARY'S MEMORANDUM OF SEPTEMBER 11, 1974.

5. I SAID IN MY MEMORANDUM OF AUGUST 20, 1974 THAT THERE WAS
SOME CONCERN AMONG MY SENIOR OFFICERS THAT AIR VIET-NAM MIGHT NOT
BE QUITE READY TO ASSUME THESE RESPONSIBILITIES. WE HAVE RE-
EXAMINED THE FEASIBILITY OF USING AIR VIET-NAM. THE REDUCTION
IN OUR MILITARY AID HAS ALREADY CAUSED A CONSIDERABLE REDUCTION
IN THE AIR FORCE. IT NOW SEEMS THAT AN ADEQUATE NUMBER OF COM-
PLETELY QUALIFIED PILOTS CAN BE MADE AVAILABLE FOR BOTH FIXED WING
AND ROTARY WING AIRCRAFT. ADEQUATE MAINTENANCE FACILITIES CAN
BE MADE AVAILABLE AND I NOW FEEL THAT WE CAN EFFECT A RELATIVELY
SMOOTH TRANSITION IF WE DECIDE NOW TO HAVE AIR AMERICA WORK CLOSELY
WITH AIR VIET-NAM BETWEEN NOW AND NEXT JULY. I HAVE FLOWN WITH
THESE POLOTS AND MANY OF THEM ARE EQUAL TO ANY IN THE
WORLD.
THEREFORE, I SHALL NOT FIND THIS SOLUTION UNACCEPTABLE, IF IT IS
DECIDED NOT TO GIVE A SOLE-SOURCE CONTRACT TO CASI.

6. CONGRESSIONAL CRITICISM IS ALWAYS POSSIBLE, BUT IF IT IS CLEAR
THAT A FIRM DECISION HAS BEEN MADE, THAT IT WILL NOT BE REVERSED,
IT IS NOT LIKELY TO BE MORE THAN PRO-FORMA. I MUST STATE CANDIDLY
THAT, IN MY OPINION, THE ONLY REAL DANGER MAY COME FROM DIS-
TORTIONS PASSED ON TO THE CONGRESS BY A FRUSTRATED BUREAUCRACY.
AS I HAVE SAID BEFORE, I AM COMPLETELY PREPARED TO PERSONALLY
DEFEND THIS DECISION ON THE HILL. IN FACT, IF THERE ARE ANY
DISTORTIONS PRESENTED TO THE HILL I SHALL INSIST ON DOING SO. AS
FAR AS THE GAO IS CONCERNED, NOTHING WOULD DELIGHT ME MORE,
PERSONALLY, THAN TO HAVE A FULL-SCALE GAO INVESTIGATION WHICH
WOULD, OF COURSE, EXPLORE FULLY EVERY ASPECT OF THE AWARDING
LAST YEAR OF THE PRESENT CONTRACT.
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7. A LARGE PART OF OUR TROUBLE IS ILLUSTRATED BY THE SECOND AND
THIRD SENTENCES OF PARAGRAPH 3B OF REFTEL B. IN ALMOST ALL OTHER
CONTRACTS IN SUPPORT OF U.S. OPERATIONS IN VIET-NAM REFERRED TO
IN THE SECOND SENTENCE, THE GVN HAS BEEN CONSULTED, AS IT
SHOULD BE, ON THE BASIC NEED FOR THE SERVICES TO BE CONTRACTED
FOR. BUT THE THIRD SENTENCE SAYS "WE HAVE NOT CONSULTED WITH THE
GVN IN ARRANGING AIR CONTRACTS IN RECENT YEARS." AIR AMERICA,

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WHATEVER ITS CORPORATE FORM, IS, IN FACTN AN INSTRUMENT OF THE U.S., AND IS RECOGNIZED HERE AS SUCH. THE INSISTENCE THAT WE NOW GO ON IN TTHE FUTURE DOING BUSINESS AS WE DID IN THE PAST WITH AIR AMERICA, WHERE THE CONTRACTING DEEVICE WAS REGARDED AS A CONVENIENT "FIG LEAF", SIMPLY DOES NOT ACCORD WITH THE LOCAL CURRENT POLITICAL REALITIEES. NOR DOES IT ACCORD WITH U.S. POLICY INTERESTS. IT IS MY RESPONSIBILITY TO INSURE THAT THE ACTIONS OF ALL ELEMENTS OF THIS MISSION TAKE NO ACTIONS AT VARIANCE WITH U.S. POLICY INTERESTS.

8. IN SUMMARY, YOU HAVE ONLY THE PRACTICAL CHOICE OF:
A - CONTINUING AIR AMERICA TO JUNE 30, 1975 USING THE INTERVAL TO PROVIDE THE BEST TRANSITION POSSIBLE TO AIR VIET-NAM ON JULY 1, 1975.

B - NOVATE PRESENT CONTACT TO CASI AND NEGOTIATE WITH CASI NEW COONTRACT FOR FY 1976.

C - NEGITIATE 18 MONTHS CONTRACT WITH CASI.

9. EITHER B OR C WOULD BE PREFERABLE AND PROBABLY MORE ECONOMICAL AND MORE ADVANTAGEOUS TO U.S. BUT A WOULD BE ACCEPTABLE. I AM PERFECTLY PREPARED TO DEFEND ANY OF THE THREE BEFORE THE CONGRESS AND I WOULD, PERSONALLY, NOT ONLY NOT OBJECT TO A GAO INVESTIGATION BUT WOULD PERSONALLY WELCOME SUCH A REVIEW INCLUDING, OF COORSE, THE COMPLETE DETAILS OF THE AWARDING THE LAST CONTRACT TO AIR AMERICA AND ALL SUB-SEQUENT DISBURSEMENTS TO AIR AMERICA UNDER THAT CONTRACT.

10. WITH ALL RESPECT AND PROPER DEFERENCE TO THOSE INVOLVED, IT IS, PERHAPS, APPROPRIATE TO ADD THAT IT HAS BEEN SAID THAT "TO GOVERN IS TO DECIDE". IT IS, OF COURSE, OBVIOUS THAT DE-CISIONS WHICH ARE IGNORED OR EVADED ARE NO DECISIONS AT ALL. WE

HAVE HAD ONE DECISION. IT WOOULD BE VERY USEFUL TO HAVE A DECISION NOT ONLY MADE BUT ALSO CARRIED OUT.
MARTIN

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